

Department of Revenue

Tax Division

Mission

The Tax Division will effectively, efficiently, courteously, and equitably administer and enforce the tax laws of the State of West Virginia to promote the highest degree of public trust and voluntary compliance.

Operations

Auditing Division

- Perform audit selection, develop audit program, and perform field audits of taxpayers' books and records to determine compliance with tax laws and regulations.
- Provide technical assistance relating to tax laws, procedures, and regulations to the Legal Division, other divisions, and taxpayers.
- Issue assessments and process audit assessment payments.

Compliance Division

- Collect delinquent accounts through personal contacts, levies, collection agencies, and other legal collection methods.
- Establish and monitor payment plans.
- Enforce the State's tax statutes.
- Increase voluntary compliance throughout the state.

Criminal Investigation Division

- Investigate complaints, and conduct criminal investigations related to all tax statutes except personal income tax.
- Proactively regulate all bingo and raffle accounts, review financial returns, and recommend appropriate remedial actions and/or sanctions.
- Conduct informational seminars through the state instructing taxpayers of their responsibilities.

Executive Division

- Controls and supervises all sections of the Tax Division.
- Issues biennial report to Governor concerning the assessment and collection of taxes.
- Responsible for agency budgeting and strategic planning functions.
- Analyzes and proposes legislative tax changes, including tax reform proposals.

Internal Auditing Division

- Conduct internal audits of tax returns filed with the Tax Division.
- Issue notices, assessments, and liens on delinquent accounts and issue releases when delinquencies are satisfied.
- Handle inquiries from West Virginia Department of Health and Human Resources regarding income for delinquent child support.
- Assist taxpayers and practitioners with technical support related to law and regulations.
- Provide business registration for taxpayers through an integrated application that is imaged and transmitted to other participating agencies.
- Oversee distribution of funds to designated counties and agencies as specified by statute.
- Perform tax clearance processes including letters of good standing and limited video lottery applications.

Legal Division

- Provide representation for the Tax Division in administrative hearings at state and local level.
- Provide advice and guidance to taxpayers, practitioners, and local government officials in the interpretation of tax laws and regulations.
- Provide legal advice to the agency staff.
- Draft legislation and regulations.

Tax Division

Networking and PC Support Division

- Design, develop, and support LANs for the Tax Division.
- Prepare, write, and evaluate RFI's, RFP's, and RFQ's for computer hardware and software.
- Provide user training and documentation for systems and applications.
- Maintain client server systems for tax administration.
- Support databases on servers and at data center.
- Implement and maintain security procedures.

Operations Division

- Prepare, maintain, and monitor agency budget appropriations.
- Process State EPICS payroll, and maintain internal personnel/payroll database and records.
- Provide administration of employee benefits and maintain records of the same.
- Manage, maintain and monitor all accounts payable, agency fund transfers, and agency reimbursements within WVFIMS using the commitment module.
- Process and track all requests for the purchase of goods, services, and equipment.
- Prepare and maintain inventory tracking and entry to the fixed asset system.
- Coordinate and prepare all human resource documents, programs, and record keeping.
- Coordinate and administer in-house orientation, supervisor training, and personnel policies.
- Manage and maintain employee leave accrual and usage on an electronic leave system.

Programming Division

- The Programming Division's responsibilities include the maintenance, modification, enhancement, and implementation of computer systems used by the division to perform daily tax administration function.

Property Tax Division

- Provide statewide property appraisal services for industrial, natural resources, and public utility property.
- Provide training, support, and monitoring of property tax administration for the county assessors' offices.
- Provide application support services for the statewide property tax administration system.

Research Division

- Develop estimates of the potential revenue consequences of proposed tax legislation.
- Provide technical assistance relating to statistical analysis to other divisions.
- Provide upon request detailed economic analysis reports to the Legislature and Governor's Office.
- Provide statistical information to other divisions, agencies, and the public.
- Perform special projects (e.g., credit disclosure reports).

Revenue Division

- Receive and process tax documents and deposit checks.
- Maintain systems for storage, retrieval, shredding and recycling of tax documents.
- Maintain the revenue center security access system.
- Coordinate the IRS document exchange program and department disclosure functions.
- Establish new business tax accounts and update old business accounts in the on-line master file database.

Taxpayer Services Division

- Assist taxpayers in completing registration forms; completing all tax returns administered by the Tax Division; and by answering taxpayer inquiries.
- Provide taxpayer assistance at our co-location with the Internal Revenue Service, Quarrier Street location and at six regional locations: Beckley, Clarksburg, Huntington, Martinsburg, Parkersburg, and Wheeling.
- Maintain an interactive voice response system allowing taxpayers to record form requests, to receive prerecorded general and personal income tax refund information, and to Telefile certain tax forms.
- Participate in the development of on-line filing of tax returns.
- Conduct and participate in civic programs and seminars regarding all taxes throughout the state.
- Maintain warehouse for storage of forms and supplies, fill supply orders, and make deliveries to all divisions.



Recommended Improvements

- ✓ Additional \$392,150 for abusive tax avoidance transactions.
- ✓ Additional \$121,475 to establish an appraisal system.
- ✓ Additional \$50,000 for valuation managed timberland.

Tax Division
Expenditures

	TOTAL FTE POSITIONS 11/30/2005	ACTUALS FY 2005	BUDGETED FY 2006	REQUESTED FY 2007	GOVERNOR'S RECOMMENDATION
EXPENDITURE BY PROGRAM					
Auditing	66.00	\$3,718,756	\$4,072,400	\$4,933,087	
Criminal Investigation	23.00	783,912	1,137,366	1,152,105	
Compliance	54.00	2,248,396	2,787,176	2,736,746	
Executive	7.00	1,408,931	28,236,620	2,187,586	
Internal Auditing	88.00	5,129,876	6,262,748	5,190,288	
Legal	15.00	1,005,247	1,435,751	1,365,420	
Networking	14.00	888,603	1,025,518	984,971	
Operations	13.00	571,822	681,352	669,546	
Programming	9.00	569,471	674,635	606,022	
Property Tax	75.00	4,418,566	8,172,684	6,498,490	
Research	5.00	335,709	338,707	335,279	
Revenue Processing	61.00	2,612,052	3,711,856	3,005,152	
Taxpayer Services	36.00	1,550,737	1,786,531	1,756,173	
Less: Reimbursements		0	(1,340,909)	(1,340,909)	
Less: Reappropriated		(960,101)	(28,442,246)	0	
TOTAL BY PROGRAM	466.00	24,281,977	30,540,189	30,079,956	31,142,714
EXPENDITURE BY FUND					
General Fund					
FTE Positions		399.00	399.00	399.00	405.00
Total Personal Services		10,051,017	14,427,582	13,669,969	13,018,152
Employee Benefits		3,778,478	4,713,959	4,503,968	4,610,201
Other Expenses		7,271,558	34,108,021	6,548,261	6,733,261
Less: Reimbursements		0	(1,340,909)	(1,340,909)	0
Less: Reappropriated		(960,101)	(28,249,564)	0	0
Subtotal: General Fund		20,140,952	23,659,089	23,381,289	24,361,614
Federal Fund					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		11,505	25,000	25,000	25,000
Subtotal: Federal Fund		11,505	25,000	25,000	25,000
Appropriated Special Fund					
FTE Positions		24.00	24.00	24.00	24.00
Total Personal Services		628,833	892,703	866,378	893,828
Employee Benefits		225,153	324,753	324,645	329,628
Other Expenses		338,720	436,326	237,644	287,644
Less: Reappropriated		0	(192,682)	0	0
Subtotal: Appropriated Special Fund		1,192,706	1,461,100	1,428,667	1,511,100
Nonappropriated Special Fund					
FTE Positions		40.00	43.00	43.00	43.00
Total Personal Services		375,462	1,332,550	1,334,250	1,334,250
Employee Benefits		144,062	519,250	527,450	527,450
Other Expenses		2,417,290	3,543,200	3,383,300	3,383,300
Subtotal: Nonappropriated Special Fund		2,936,814	5,395,000	5,245,000	5,245,000
TOTAL FTE POSITIONS BY FUND		463.00	466.00	466.00	472.00
TOTAL EXPENDITURES BY FUND		\$24,281,977	\$30,540,189	\$30,079,956	\$31,142,714

Tax Division
Programs

Auditing Division

Mission

The mission of the Auditing Division is to conduct systematic field audits of taxpayers' returns and records in order to encourage voluntary compliance and maximize tax revenue for the State of West Virginia.

Goals/Objectives

Improve audit selection process in order to maximize proficiency.

- Reduce the number of compliance target setups selected to ten percent by the end of FY 2007.
- Increase use of prior audit selection from previous audit database to 25% by the end of FY 2008.
- Implement integrated tax system data warehousing by July 2006.
- Hire three auditors for additional field staff during FY 2006.

Maintain field computer stability by keeping up-to-date on technology.

- Replace 15 laptop computers each year through FY 2008. (All current laptops remain under warranty for year ending 2006.)

Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Compliance target reduction	47%	58%	30%	12%	15%	10%
Prior audit database increase	1%	2%	15%	8%	15%	20%
Laptop computer replacement	15	15	15	15	15	15

Compliance Division

Mission

The mission of the Compliance Division is to serve, educate, and inform the citizens of West Virginia while collecting the proper amount of taxes due the State, all in a manner that maximizes voluntary compliance and warrants public confidence in our integrity, fairness, effectiveness, and frugality.

Goals/Objectives

Maximize the collection of current accounts receivable.

- Prioritize workload to ensure greatest return from available resources.
- Develop the means to electronically transfer certain business tax accounts to the State contracted collection agency by the end of FY 2006.
- Establish and train by the end of FY 2006 a team of seven employees (representing each of the seven regions of the Compliance Division) expert in seizure of property.
- Increase productivity with the new integrated tax system using the latest technology.

Add to the tax base to increase revenue collections.

- Increase collections to \$85 million by the end of FY 2006 with a more aggressive use of compliance tools.
- Develop new programs to aid in identifying groups of nonfilers and nonpayers.
- Develop a program with the IRS to increase collections from taxpayers not in compliance, utilizing information provided by the IRS relative to tax evasion.
- Increase awareness of the Compliance Division's voluntary disclosure program by designing a publication to encourage out-of-state business to properly register and remit taxes due the State, distributing and mailing it and featuring it on the division's Web site.

Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Taxpayers added to tax rolls*	2,300	2,000	2,500	814	2,300	2,000
Taxpayers added to tax rolls (percent of total)*	N/A	0.21%	0.25%	0.11%	0.23%	0.21%
Compliance Division tax collections (in millions)*	\$86	\$85	\$95	\$67	\$85	\$85
Tax collections from new taxpayers (percent of total)	1.6%	1.4%	1.6%	3.2%	1.6%	1.4%

* Data for FY 2005 does not include collections from the Tax Amnesty program. As of June 1, 2005, collections from the Tax Amnesty program were \$15,168,726.

Criminal Investigation Division

Mission

The Criminal Investigation Division is responsible for helping ensure the proper amount of tax due the State is paid by encouraging voluntary compliance with the state tax laws, the dyed diesel fuel code and by regulating the conduct of charitable bingo and raffle gaming through the use of audits, criminal investigation, and appropriate enforcement.

Goals/Objectives

- Investigate complaints received from the public or referred from other divisions.
- Conduct criminal investigations related to violations of all tax statutes, except personal income tax.
- Monitor all bingo and raffle accounts twice each year, and review returns making necessary recommendations for corrective actions or revocation, or suspension of licenses.
- Conduct seven informational training sessions in both FY 2006 and FY 2007 to instruct charitable gaming licensees of their responsibilities concerning bingos and raffles.
- Recommend the prosecution of noncompliant taxpayers and charitable gaming licensees when appropriate.
- Conduct traffic stops at random for dyed diesel fuel violations, writing tickets for those violations.
- Conduct retail dyed diesel fuel inspections, checking records for three years and instructing retailers on proper record keeping.

Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Survey of businesses	336	178	300	250	300	300
Survey of bingo/raffle	422	185	400	285	400	400
Complaints investigated—businesses	462	287	350	367	350	350
Complaints investigated—bingo/raffle	88	268	75	260	75	75
Charitable gaming training sessions conducted	6	6	6	6	7	7
Organizations represented	302	250	250	140	250	400
Persons in attendance	586	500	500	244	500	700
Dyed diesel fuel inspections	N/A	N/A	3,298	2,325	3,300	4,000
Dyed diesel fuel citations issued	N/A	N/A	31	32	31	60

Executive Division

Mission

The tax commissioner is the chief executive officer of the Tax Division and is appointed by the Governor. The tax commissioner has control and supervision of the Tax Division and is responsible for the work of each of its sections.

Goals/Objectives

- Supervise laws concerning the assessment, collection, and enforcement of all taxes.
- Prepare proper forms and books for the use and guidance of assessors.
- Issue biennial reports (in even years) to the Governor concerning the assessment and collection of taxes.
- Perform an internal analysis of proposals for tax reform in cooperation with the Development Office.
- Oversee the issuance of the integrated tax system RFP and the implementation of tax information processing modernization projects.
- Implement an alternative dispute resolution process to limit the number of cases before the independent Office of Tax Appeals.

Performance Measures

- ✓ Issued the RFP for the integrated tax system before September 1, 2005.
- ✓ Successfully sought legislation in 2005 to close a potential loophole in the application of coal reclamation fund fees, thereby preserving the necessary funding needed by the Department of Environmental Protection to properly reclaim abandoned mine sites.

Internal Auditing Division

Mission

The Internal Auditing Division administers tax laws, efficiently collects and verifies the taxes owed the State, issues approved refunds promptly, and provides quality customer service to taxpayers in a manner that ensures public confidence in our integrity, effectiveness, and fairness.

Goals/Objectives

Increase the number of taxpayers filing tax returns electronically.

- Continue participation in the Free File Alliance to increase electronic filed Personal Income Tax returns.
- Use various types of media to promote advantages to filing electronically.
- Participate in a federal pilot program to streamline sales tax collections from other states by January 2006.
- Introduce legislation mandating electronic filing for certain paid tax preparers.

Increase tax collections.

- Participate annually in the Treasury Offset Program (a program that began January 2003 to offset federal tax refunds for payment of state tax delinquencies).
- Implement the enhanced electronic data examination process for federal personal income tax and federal corporate net income tax audits.
- Use the federal Jenkins Act statute to obtain information about cigarette purchases via the Internet, and bill for the tax accordingly.

Increase the effectiveness in collecting the Motor Fuel Tax, and increase compliance.

- Develop strategy and implement the tracking of motor fuel.
- Implement by FY 2006 all aspects of the Tax at the Rack Act.

Tax Division Programs

Involve motor fuel stakeholders in transformation, i.e. motor fuel industry, Tax Division, and the Department of Transportation.

- Develop a comprehensive field enforcement plan to administer the Motor Fuel Tax law.
- Evaluate current collection methods for possible migration into an integrated technological environment.
- Expand electronic filing by the end of FY 2006 to include Motor Fuel Tax returns for improved tracking of motor fuel.
- Provide a customer friendly environment by developing better on-line assistance by the end of FY 2006.

Performance Measures

<u>Fiscal Year</u>	<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Actual 2005</u>	<u>Estimated 2006</u>	<u>Estimated 2007</u>
Electronically filed returns processed (increase over the previous year)	17%	10%	17%	12%	10%	10%
Offsets received through the Treasury Offset Program*	4,004	6,384	3,600	7,315	7,680	7,600
Collections received through the Treasury Offset Program (in millions)	\$1.4	\$1.8	\$1.4	\$2.1	\$2.2	\$2.3
Collections from personal income tax federal audit program (in millions)**	\$1.3	\$1.1	\$0.9	\$1.2	\$1.3	\$1.5
Motor Fuel Tax revenue increases over the previous year (5%)		7%	1%	6%	3%	3%
Implementation of the Tax at the Rack Act	40%	60%	80%	80%	100%	N/A

* The number of offsets should decrease, then level off, as the backlog of delinquencies is reduced.

** These audits are contingent upon IRS audits and can vary greatly from year to year.

Legal Division

Mission

The Legal Division provides legal advice, research, and support to the tax commissioner and subordinate units on tax law and agency policy in order to ensure compliance and consistency in tax administration.

Goals/Objectives

Meet the legal needs of the agency.

- Become more involved and accessible to division directors.

Improve the operational effectiveness and efficiency of the Legal Division.

- Increase the speed of resolving tax appeals by emphasizing informal procedures.
- Reduce the response time to legal inquiries to 33 days during FY 2007.

Attract and maintain a capable legal staff.

- Move salary levels to the state average for each attorney grade.
- Review and narrow staff attorney assignments to better use their time and skills.

Performance Measures

<u>Fiscal Year</u>	<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Actual 2005</u>	<u>Estimated 2006</u>	<u>Estimated 2007</u>
Response time to inquiries (in days)	34	35	35	39	34	33

Networking and PC Support Division

Mission

Establish and maintain standards, safeguards, and connectivity between various technology platforms. Provide support for hardware, software, and applications for personal computers and servers. Administration of databases and networks in order to provide Tax Division personnel with the tools needed in the performance of their duties.

Goals/Objectives

- Continue to support the division's networks.
- Hire a new database administrator for the Property Tax Assessment System during FY 2006.
- Replace application server development tools by FY 2006.
- Transfer existing data and applications to upgraded servers by FY 2007.
- Award an RFP for the new integrated tax system during FY 2006.
- Begin implementation of the Streamline Sales Tax Project during FY 2007.
- Implement redesigned Tax Division home page during FY 2006.
- Complete by January 2006 the upgrades to the Web forms for the 2005 tax year.
- Design and develop the Web filing for Motor Fuel Tax by the end of FY 2007.
- Identify additional taxes for the Web filing.
- Install 10MB fiber circuit between the Revenue Center and the Quarrier Street location by November 2005.
- Move networking and programming divisions to the Quarrier Street location by December 2005.

Performance Measures

- ✓ Transferred existing data and applications to new servers.
- ✓ Began the planning for Streamline Sales Tax Processing.
- ✓ Developed and implemented:
 - * Electronic Fund Transfer registration process
 - * Web filing for Employer Withholding Tax
 - * Web filing for Cigarette Tax
- ✓ Completed on time the upgrades to the Web forms for the 2004 tax year.
- ✓ Developed a Web site for the Compliance Division.
- ✓ Installed 10MB fiber circuits between the Revenue Center, Greenbrooke, and the west wing of the capitol.

Operations Division

Mission

To provide, manage, and maintain financial and budgetary accounting, procurement, purchasing, accounts payable, payroll and human resources, coordinate employee benefits, provide in-house training, and maintaining inventory management.

Goals/Objectives

Provide high quality and accurate budget administration.

- Prepare detailed monthly reports and distribute to division directors to enable appropriate budget management and administration.
- Annually evaluate, develop, and project funding priorities to best serve the agency's needs for current and next fiscal year budgeted appropriations.

Tax Division Programs

Acquire all goods and services necessary to effectively administer all units of the Tax Department.

- Train purchasing card users, procurement liaisons, and management every three months on current purchasing rules and procedures.

Process payments to vendors according to the established rules and state code.

- Maintain, distribute, and review with management staff the purchasing/procurement reference manual on an as needed basis.
- Monitor all P-card activities for an accurate and prompt monthly vendor payment.

Provide accurate inventory management records according state purchasing fixed asset system rules.

- Complete a physical inventory of reportable items every three years—the next one is due after June 30, 2006.

Performance Measures

- ✓ Reconciled all expenditures with the State Auditor's monthly object code and account status reports.
- ✓ Monitored all appropriations for the entire Tax Division to ensure compliance with all regulations.

Programming Division

Mission

Provide support for computer systems used by the Tax Division to perform daily tax administration functions.

Goals/Objectives

Maintain the Personal Income Tax and Business Tax Systems.

- Provide skilled staff to support these systems.

Reduce the backlog of user requests.

- Increase the percentage of completed requests to 95% by FY 2006.

Develop a new integrated tax system.

- Complete the RFP review and award the contract during FY 2006.
- Implement the new integrated tax system by FY 2009.

Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
User requests total for year	87	75	69	91	85	85
User requests completed	63	64	63	85	81	81
User requests percent completed	72%	85%	90%	94%	95%	95%

Property Tax Division

Mission

The Property Tax Division provides property appraisal services, systems training and support, and monitoring of statewide property tax administration to the end that all property is taxed in proportion to its value to be ascertained as directed by law.

Goals/Objectives

Provide statewide data processing network for all property tax administrators.

- Provide training, assistance and system support to allow full utilization of the recently implemented Integrated Assessment System.
- Expansion of the integrated assessment system by FY 2007 to allow flexibility in the areas of reports and printing.
- Conduct two training sessions in FY 2006 for the use of the valuation modules for the market and income approaches to value.

Provide annual appraisals for industrial, natural resources, and public utility properties.

- Implement legislative rules regarding reappraisal of coal, oil and gas, other mined minerals, managed timberland, and public utilities properties.
- Implement an income approach, GIS-driven appraisal system for reserve coal properties by the end of FY 2009.
- Continue the implementation of the automated appraisal of industrial properties.

Monitor assessment administration activities.

- Teach two classes in both FY 2006 and FY 2007 to approximately 90 county assessors and other personnel concerning county valuation plans.
- Increase monitoring of assessors' offices, depending upon available resources.

Develop a natural resources GIS system to improve the accuracy of appraisals.

- Continue the project with Geological and Economic Survey and WVU to properly map and appraise the state's natural resources..
- Integrate West Virginia Geological and Economic Survey and WVU mapping product into GIS-driven reserve coal appraisals.

Performance Measures

- ✓ Provided appraisals of natural resources, industrial, and utility properties to local assessors in FY 2005, resulting in approximately \$347 million in property tax revenues.

<u>Fiscal Year</u>	<u>Actual 2003</u>	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Actual 2005</u>	<u>Estimated 2006</u>	<u>Estimated 2007</u>
Assessors and personnel trained	69	43	30	99	90	90
Appraisals of natural resources properties (in billions)	\$4.7	\$4.3	\$5.1	\$5.4	\$5.8	\$6.4
Appraisals of industrial properties (in billions)	\$10.7	\$9.8	\$10.0	\$9.5	\$9.6	\$9.7
Appraisals of utility properties (in billions)	\$10.2	\$10.3	\$10.5	\$10.8	\$11.0	\$11.2

Research Division

Mission

The Research Division is responsible for providing fiscal policy analysis and revenue estimates to the Governor, State Budget Office, Legislature, and individuals.

Goals/Objectives

Provide fiscal analysis services.

- Complete fiscal notes on all assigned tax-related legislation.
- Develop estimates of the potential revenue consequences of proposed tax changes within thirty days of receipt of request.

Tax Division Programs

Prepare reports for the Governor and the Legislature.

- Complete the quarterly economic and fiscal briefing document for the Governor's Office by the 28th day of the month following the end of each quarter.
- Complete the 2003 Credit Disclosure Report by June 30, 2007.

Help other divisions, agencies, and the public with statistical needs and problem-solving matters.

- Provide available statistical information to other divisions and the public upon request.
- Maintain existing administrative applications developed for other divisions.

Find ways to effectively secure and maintain the statistical software necessary for efficient job performance.

- Train two additional employees in the use of high-level programming by the end of FY 2007.

Performance Measures

- ✓ Completed a report on the West Virginia Tax Amnesty Program of 2004.
- ✓ Completed computation of the natural gas and oil Severance Tax for local governments.
- ✓ Completed all fiscal notes requested by the Legislature.

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
General Revenue Forecast Error	(0.4%)	1.4%	+/-1.0%	2.5%	+/-1.0%	+/-1.0%
Health Care Provider Tax Forecast Error	(0.7%)	11.9%	+/-1.0%	11.8%	+/-1.0%	+/-1.0%

Revenue Division

Mission

The Revenue Division receives and deposits tax receipts into the State's general and dedicated funds; processes, images, and captures data from tax returns; updates and maintains computer databases; and provides document/image archive and retrieval services for the Tax Division.

Goals/Objectives

Successfully implement the Data Reengineering and Modernization (DREAM) project utilizing the remittance processor budget level improvement package funding.*

- Convert all tax returns and documents to images by FY 2007.
- Capture all data from images by FY 2007.
- Increase to 30% the checks presented electronically to the State's financial institution by FY 2007.
- Increase to 70% the checks presented by image to the State's financial institution by FY 2008.
- Expand to 80% the data captured through automated recognition technologies by FY 2008.

Efficiently receive tax returns and payments through the use of electronic means.

- Increase the electronic filing of business tax returns to 15% by the end of FY 2007.
- Increase by 7% the electronic payment of taxes each year by FY2007.

Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
*Documents converted to images	71%	75%	80%	86%	90%	100%
*Data captured from image	11%	11%	50%	11%	50%	100%
Deposit presented electronically	N/A	N/A	15%	0%	15%	30%

Tax Division Programs

(Performance Measures continued)

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Deposit presented by image	N/A	N/A	10%	0%	10%	40%
Data captured through automated recognition	N/A	N/A	10%	0%	10%	40%
Electronic business tax documents processed	N/A	2%	4%	8%	10%	15%
Tax revenue collected electronically	5%	27%	48%	51%	58%	65%

* Originally scheduled to start on January 1, 2005, the DREAM project start date was delayed until June 1, 2005, because of the change in administration.

Taxpayer Services Division

Mission

The Taxpayer Services Division is committed to providing prompt and accurate information and assistance to the general public, including tax practitioners (by telephone, e-mail, correspondence, or through office walk-ins) regarding all taxes administered by the West Virginia Tax Division.

Goals/Objectives

Design a simplified personal income tax return that can be used by all taxpayers.

- Design by December 2006 a single imaged tax return to be used by all taxpayers regardless of residency.

Continue a pilot program with the IRS for electronic filing of both personal income tax returns and business registration certificates from the Charleston office, eliminating a large number of paper filed returns.

- Increase by 100% the number of electronic filed returns in FY 2007.

Provide taxpayers with updated, accurate information on the Internet Web site.

- Develop additional publications in response to tax law changes and taxpayer inquiries.
- Reduce the number of days required to provide responses to e-mails received through the <wvtaid@tax.state.wv.us> e-mail address from a five-to-seven day average turn around to three-to-five days by July 2006.
- Expand in FY 2006 the frequently asked tax question information (question-and-answer format) on the Tax Division Web site.

Increase the number of taxpayers assisted through telephone inquiries and walk-ins.

- Provide annually 100% of the Taxpayer Service Representatives with intensive training to aid them in answering technical inquiries.
- Increase total percentage of answered calls (from the automated distribution system) from 80% to 82.3%.
- Assist 100% of the walk-in taxpayers received throughout the state.

Performance Measures

- ✓ Partnered with the IRS to receive the software and training on their electronic filing program, and purchased computer equipment that met the pilot program's required specifications.
- ✓ Expanded by 21% the frequently asked tax questions on the Tax Division Web site in FY 2005 .

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Electronic filed returns from the Charleston office	N/A	N/A	N/A	280	420	560
E-mails answered	809	1,941	2,900	2,914	3,500	4,000
Average response to e-mail questions (in days)	N/A	N/A	N/A	5-7	3-5	3-5
Automated distribution system calls answered	N/A	N/A	N/A	80.1%	82.3%	84.0%